

Issues in Medicare's hospice benefit

ISSUE: Medicare's hospice benefit has grown considerably since its inception in 1983, most significantly in the last several years. Medicare spending under the hospice benefit exceeded \$10 billion in fiscal year (FY) 2007, nearly doubling in five years from \$5.6 billion in FY 2003. Despite this growth, there has been no systematic analysis of the Medicare's payment system for hospice, which has remained virtually unchanged since its inception. Incentives in the payment system that reward providers for more profitable long stays over less profitable short stays – may have influenced the shift in case mix over time. Little is known about the content or quality of care provided under the Medicare hospice benefit.

KEY POINTS: This draft chapter synthesizes analytic material presented to the Commission in the fall of 2007 and the spring of 2008. This material covers changes in the hospice user population, changes in utilization and associated spending, issues related to the hospice cap, and an analysis of hospice payments and costs. The chapter also includes new material on the content of hospice episodes, and measurement of the quality of hospice care.

ACTION: The goal of these presentations is to provide Commissioners with a comprehensive overview and critical evaluation of current major issues related to Medicare's hospice benefit.

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